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LOK SABHA

The following Bills were introduced in Lok Sabha on the 7th December, 1956:—

BILL NO. 84 OF 1956.

A Bill further to amend the Banking Companies Act, 1949.

Be it enacted by Parliament in the Seventh Year of the Republic of India as follows:—

1. (1) This Act may be called the Banking Companies (Amendment) Act, 1956. Short title and commencement.

5 (2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

10 of 1949. 2. For section 10 of the Banking Companies Act, 1949 (hereinafter referred to as the principal Act), the following section shall be substituted, namely:— Substitution of new section for section 10.

15 "10. (1) No Banking company—

(a) shall employ or be managed by a managing agent; or

(b) shall employ or continue the employment of any person—

20 (i) who is, or at any time has been, adjudicated insolvent, or has suspended payment or has compounded with his creditors, or who is, or has been, convicted by a criminal court of an offence involving moral turpitude; or

25 (ii) whose remuneration or part of whose remuneration takes the form of commission or of a share in the profits of the company:

Provided that nothing contained in this clause shall apply to the payment of any bonus by any banking company in pursuance of a settlement or award arrived at

(1061)

or made under any law relating to industrial disputes or in accordance with any scheme framed by such banking company or in accordance with the usual practice prevailing in banking business; or

(iii) whose remuneration is, in the opinion of the Reserve Bank, excessive; or

(c) shall be managed by any person—

(i) who is a director of any other company not being a subsidiary company of the banking company; or

(ii) who is engaged in any other business or vocation; or

(iii) who has a contract with the company for its management for a period exceeding five years at any one time:

Provided that any contract with the company for its management may be renewed or extended for a further period not exceeding five years at a time if and so often as the directors so decide:

Provided further that nothing in this clause shall apply to a director, other than the managing director, of a banking company by reason only of his being such director.

Explanation.—For the purpose of sub-clause (iii) of clause (b), the expression “remuneration”, in relation to a person employed or continued in employment, shall include salary, fees and perquisites but shall not include any allowances or other amounts paid to him for the purpose of reimbursing him in respect of the expenses actually incurred by him in the performance of his duties.

(2) In forming its opinion under sub-clause (iii) of clause (b) of sub-section (1), the Reserve Bank may have regard among other matters to the following:—

(i) the financial condition and history of the banking company, its size and area of operation, its resources, the volume of its business, and the trend of its earning capacity;

(ii) the number of its branches or offices;

(iii) the qualifications, age and experience of the person concerned;

(iv) the remuneration paid to other persons employed by the banking company or to any person occupying a similar

position in any other banking company similarly situated; and

(v) the interests of its depositors.

(3) If any question arises in any particular case whether the remuneration is excessive within the meaning of sub-clause (iii) of clause (b) of sub-section (1), the decision of the Reserve Bank thereon shall be final for all purposes.”.

3. For section 12 of the principal Act, the following section shall be substituted, namely:—

Substitution
of new
section for
section 12.

10 “12. (1) No banking company shall carry on business in India, unless it satisfies the following conditions, namely:—

Regulation
of paid-up
capital, sub-
scribed capi-
tal and
authorised
capital and
voting rights
of share-
holders.

15 (i) that the subscribed capital of the company is not less than one-half of the authorised capital, and the paid-up capital is not less than one-half of the subscribed capital and that, if the capital is increased, it complies with the conditions prescribed in this clause within such period not exceeding two years as the Reserve Bank may allow;

20 (ii) that the capital of the company consists of ordinary shares only or of ordinary shares or equity shares and such preferential shares as may have been issued prior to the 1st day of July, 1944:

Provided that nothing contained in this sub-section shall apply to any banking company incorporated before the 15th day of January, 1937.

25 (2) No person holding shares in a banking company shall, in respect of any shares held by him, exercise voting rights in excess of five per cent. of the total voting rights of all the shareholders of the banking company.

30 (3) Notwithstanding anything contained in any law for the time being in force or in any contract or instrument no suit or other proceeding shall be maintained against any person registered as the holder of a share in a banking company on the ground that the title to the said share vests in a person other than the registered holder:

35 Provided that nothing contained in this sub-section shall bar a suit or other proceeding—

40 (a) by a transferee of the share on the ground that he has obtained from the registered holder a transfer of the share in accordance with any law relating to such transfer;
or

(b) on behalf of a minor or a lunatic on the ground that the registered holder holds the share on behalf of the minor or lunatic.

(4) Every chairman, managing director or chief executive officer by whatever name called of a banking company shall furnish to the Reserve Bank through that banking company returns containing full particulars of the extent and value of his holding of shares, whether directly or indirectly, in the banking company and of any change in the extent of such holding or any variation in the rights attaching thereto and such other information relating to those shares as the Reserve Bank may, by general or special order, require and in such form and at such time as may be specified in the order."

Incorporation of
new section
12A.

4. After section 12 of the principal Act, the following section shall be inserted, namely:—

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Election of
new directors.

"12A. (1) The Reserve Bank may, by general or special order, require banking companies generally or any banking company in particular to call a general meeting of the shareholders of the company within such time, not less than two months from the date of the order, as may be specified in the order or within such further time as the Reserve Bank may allow in this behalf, to elect in accordance with the voting rights permissible under this Act fresh directors, and the banking company shall be bound to comply with the order.

(2) Every director elected under sub-section (1) shall hold office until the date up to which his predecessor would have held office, if the election had not been held.

(3) Any election held under this section shall not be called in question in any court."

Substitution
of new
section for
section 16.

5. For section 16 of the principal Act, the following section shall be substituted, namely:—

"16. (1) No banking company incorporated in India shall have as a director any person who is a director—

(i) of any other banking company; or

(ii) of companies which among themselves are entitled to exercise voting rights in excess of twenty per cent. of the total voting rights of all the shareholders of the banking company.

(2) If immediately before the commencement of the Banking Companies (Amendment) Act, 1956, any person holding office as a director of a banking company is also a director of

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5 companies which among themselves are entitled to exercise voting rights in excess of twenty per cent. of the total voting rights of all the shareholders of the banking company he shall, within such period from such commencement as the Reserve Bank may specify in this behalf—

- (a) either resign his office as a director of the banking company; or
- 10 (b) choose such number of companies as among themselves are not entitled to exercise voting rights in excess of twenty per cent. of the total voting rights of all the shareholders of the banking company as companies in which he wishes to continue to hold the office of a director and resign his office as a director in the other companies.”.

6. In section 27 of the principal Act, for sub-section (2), the Amendment
15 following sub-section shall be substituted, namely:—
of section 27.

20 “(2) The Reserve Bank may at any time direct a banking company to furnish it within such time as may be specified by the Reserve Bank, with such statements and information relating to the business or affairs of the banking company (including any business or affairs with which such banking company is concerned) as the Reserve Bank may consider necessary or expedient to obtain for the purposes of this Act, and without prejudice to the generality of the foregoing power may call for information every half-year regarding the classification of advances and investments of banking companies in respect of industry, commerce and agriculture.”.

25 7. After section 35 of the principal Act, the following sections shall be inserted, namely:—
Insertion of new sections 35A and 35B.

“35A. (1) Where the Reserve Bank is satisfied that—

- 30 (a) in the national interest; or
- (b) to prevent the affairs of any banking company being conducted in a manner detrimental to the interests of the depositors or in a manner prejudicial to the interests of the banking company; or
- 35 (c) to secure the proper management of the banking company generally;

40 it is necessary to issue directions to banking companies generally or to any banking company in particular, it may, from time to time, issue such directions as it deems fit, and the banking companies or the banking company, as the case may be, shall be bound to comply with such directions;

Power of the Reserve Bank to give directions.

(2) The Reserve Bank may, on representation made to it or on its own motion, modify or cancel any direction issued under sub-section (1), and in so modifying or cancelling any direction may impose such conditions as it thinks fit, subject to which the modification or cancellation shall have effect.

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Amendments of provisions relating to appointments of managing directors, etc., to be subject to previous approval of the Reserve Bank.

35 B. (1) In the case of a banking company—

(a) no amendment of any provision relating to the appointment or re-appointment of a managing or whole-time director or of a director not liable to retire by rotation or of a manager or a chief executive officer by whatever name ¹⁰ called, whether that provision be contained in the company's memorandum or articles of association, or in an agreement entered into by it, or in any resolution passed by the company in general meeting or by its Board of directors shall have effect unless approved by the Reserve Bank; ¹⁵

(b) no appointment or re-appointment of a managing or whole-time director, manager or chief executive officer by whatever name called, shall have effect unless such appointment or re-appointment is made with the previous approval of the Reserve Bank. ²⁰

(2) Nothing contained in section 268 or section 269 of the Companies Act, 1956, shall apply to a banking company after the commencement of the Banking Companies (Amendment) Act, 1956.

^{1 of 1956.}

(3) No act done by a person as a managing or whole-time ²⁵ director or a director not liable to retire by rotation or a manager or a chief executive officer by whatever name called, shall be deemed to be invalid on the ground that it is subsequently discovered that his appointment had not taken effect by reason of any of the provisions of this Act; but nothing in this section shall ³⁰ be construed as rendering valid any act done by such person after his appointment has been shown to the banking company not to have had effect.”.

Amendment of section 36.

8. In section 36 of the principal Act, in sub-section (1), for clause (d), the following clause shall be substituted, namely:

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“(d) during the course, or after the completion, of any inspection of a banking company under section 35, by order in writing and on such terms and conditions as may be specified therein—

(i) require the banking company to call a meeting of ⁴⁰ its directors for the purpose of considering any matter relating to or arising out of the affairs of the banking company,

or require an officer of the banking company to discuss any such matter with an officer of the Reserve Bank;

5 (iii) depute one or more of its officers to watch the proceedings at any meeting of the Board of directors of the banking company or of any committee or of any other body constituted by it; require the banking company to give an opportunity to the officers so deputed to be heard at such meetings and also require such officers to send a report of such proceedings to the Reserve Bank;

10 (iv) require the Board of directors of the banking company or any committee or any other body constituted by it to give in writing to any officer specified by the Reserve Bank in this behalf at his usual address all notices of, and other communications relating to, any meeting of the Board, committee or other body constituted by it;

15 (v) appoint one or more of its officers to observe the manner in which the affairs of the banking company or of its offices or branches are being conducted and make a report thereon;

20 (vi) require the banking company to make, within such time as may be specified in the order, such changes in the management as the Reserve Bank may consider necessary in consequence of the state of affairs disclosed during or by the inspection.”.

25 9. In section 46 of the principal Act,—

Amendment
of section 46.

(i) in sub-section (1), for the word “required”, the words “or in any information required or furnished” shall be substituted; and

30 (ii) in sub-section (4), after the words “any order”, the words “or direction” shall be inserted.

10. After section 46 of the principal Act, the following section shall be inserted, namely:—

Insertion of
new section
46A.

35 “46A. Every chairman, director, auditor, liquidator, manager and any other employee of a banking company shall be deemed to be a public servant for the purposes of Chapter IX of the Indian Penal Code.”

Chairman,
director, etc.
to be public
servants for
the purposes
of Chapter
IX of the
Indian Penal
Code.

45 of 1860.

11. In section 49 of the principal Act, for the words and figures “sections 17, 77, 83B, 86H, 91B, 91D and sub-section (5) of section

Amendment
of section 49.

144 of the Indian Companies Act, 1913 (VII of 1913)", the following shall be substituted, namely:—

"sections 90, 165 and 255, clauses (a) and (b) of sub-section (1) of section 293 and sections 300 and 416 of the Companies Act, 1956".

1 of 1956.

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Amendment of section 50. 12. In section 50 of the principal Act, the following words shall be inserted at the end, namely:—

"or by reason of the compliance by a banking company with any direction given to it under this Act".

Amendment of section 51. 13. In section 51 of the principal Act, for the word and figures "34 to 36", the following shall be substituted, namely:—

"34, 35, 36 (excluding clause (d) of sub-section (1).".

Other miscellaneous amendments 14. The principal Act shall be further amended in the manner specified in the Schedule:

Provided that the amendments specified in the Schedule relating to section 2 and to the sections contained in Part III and Part IIIA of the principal Act shall not apply to a banking company the winding up of which commenced before the 1st day of April, 1956, and the provisions of the principal Act shall apply to such banking company as if the amendments aforesaid had not been made.

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THE SCHEDULE

(See section 13)

OTHER MISCELLANEOUS AMENDMENTS IN THE BANKING COMPANIES
Act, 1949.

- 5 1. In sections 2 and 5, for "Indian Companies Act, 1913 (VII of 1913)" and "Indian Companies Act, 1913", substitute "Companies Act, 1956".
 1 of 1956.
- 1 of 1956. 2. In section 7, for "section 26 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 25 of the Companies Act, 1956".
- 10 3. In section 11, for "section 103 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 149 of the Companies Act, 1956".
 1 of 1956.
- 1 of 1956. 4. In section 13, for "sections 105 and 105A of the Indian Companies Act, 1913 (VII of 1913)", substitute "sections 76 and 79 of the Companies Act, 1956".
- 15 5. In section 17, for the existing *Explanation*, substitute the following *Explanation*, namely:—

1 of 1956. "Explanation:—The provisions of section 349 of the Companies Act, 1956, shall apply for the purpose of computing net profits under this section as they apply for the purpose of computing net profits under section 348 of the said Act".

- 20 6. In section 20, for "section 54A of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 77 of the Companies Act, 1956".
 1 of 1956.

- 25 7. In section 29, for "marked F in the Third Schedule to the Indian Companies Act, 1913 (VII of 1913)", substitute "set out in Part I of Schedule VI to the Companies Act, 1956".
 1 of 1956.

8. In section 30, for "section 145 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 227 of the Companies Act, 1956".
 1 of 1956.

- 30 9. In section 32, for "section 134 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 220 of the Companies Act, 1956".
 1 of 1956.

10. In section 35, for "section 138 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 235 of the Companies Act, 1956".
 1 of 1956.

- 35 11. In section 38—

- (i) in sub-section (1), for "section 162 or section 271 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 433 or section 583 of the Companies Act, 1956" and
 1 of 1956.

- (ii) in sub-section (3), for "section 163" substitute "section 434 of the Companies Act, 1956".
 1 of 1956.

12. In section 38A omit sub-section (2) and sub-section (3).
13. In section 39, for "section 175 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 448 of the Companies Act, 1956". 1 of 1956.
14. In section 40, for "section 173 of the Indian Companies Act, 5 1913 (VII of 1913)", substitute "section 466 of the Companies Act, 1956". 1 of 1956.
15. In section 41, for "section 177B of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 455 of the Companies Act, 1956". 10 1 of 1956.
16. In section 42, for "sections 178A and 183 of the Indian Companies Act, 1913 (VII of 1913)", substitute "sections 460, 464 and 465 of the Companies Act, 1956". 1 of 1956.
17. In section 43, for "section 191 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 474 of the Companies Act, 15 1956". 1 of 1956.
18. In section 43A, for "section 230 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 530 of the Companies Act, 1956". of 1956.
19. In section 44— 20
- (i) for "section 203 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 484 of the Companies Act, 1956"; 1 of 1956, and
- (ii) for "sections 218 and 220", substitute "sections 521 and 441". 25
20. In section 45, for "section 153 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 391 of the Companies Act, 1956". 10 1 of 1956.
21. In section 45A, for "Indian Companies Act, 1913 (VII of 1953)", substitute "Companies Act, 1956". 30 1 of 1956.
22. In section 45B, for "section 153 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 391 of the Companies Act, 1956". 1 of 1956.
23. In section 45E—
- (i) for "section 184 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 467 of the Companies Act, 1956"; 35 1 of 1956, and
- (ii) for "section 187 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 470 of the Companies Act, 1956". 1 of 1956.
24. In section 45H, in sub-sections (1) and (2), for "section 235 of 40 the Indian Companies Act, 1913 (VII of 1913)", substitute "section 543 of the Companies Act, 1956". 1 of 1956.

1 of 1956. 25. In section 45J, for "Indian Companies Act, 1913 (VII of 1913)", substitute "Companies Act, 1956".

26. In section 45K—

1 of 1956. (i) in sub-section (1) and in sub-section (3), for "section 153 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 391 of the Companies Act, 1956"; and

(ii) In sub-section (2)—

1 of 1956. 10 (a) for "section 153 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 391 of the Companies Act, 1956"; and

1 of 1956. (b) for "section 162 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 433 of the Companies Act, 1956".

27. In section 45L—

15 (i) In sub-section (1), for "section 153 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 391 of the Companies Act, 1956"; and

(ii) in sub-section (2)—

20 1 of 1956. (a) for "section 153 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 391 of the Companies Act, 1956"; and

(b) for "section 235 of the said Act", substitute "section 543 of the said Act".

25 1 of 1956. 28. In section 45M, for "section 153 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 391 of the Companies Act, 1956".

1 of 1956. 29. In section 45O in sub-section (2), for "section 235 of the Indian Companies Act, 1913 (VII of 1913)", substitute "section 543 of the Companies Act, 1956".

STATEMENT OF OBJECTS AND REASONS

Experience has shown that the existing provisions in the Banking Companies Act, 1949, are not adequate to prevent certain undesirable tendencies in the administration of banking companies which might affect the soundness of the companies or not be in the public interest or in the interests of the depositors. The present Bill, therefore, seeks to amend the Act so as to tighten up control over banking companies in the following directions:—

- (i) to check the payment of excessive remuneration to bank employees on a consideration of all relevant factors;
- (ii) to make the existing restrictions on exercise of voting rights in the hands of individual shareholders applicable to banks which are now exempt from such restrictions, namely, those established before the 15th January, 1937; and to empower the Reserve Bank to direct the election of fresh directors on the basis of the restricted voting rights;
- (iii) to prohibit appointment as director of one who is director of other companies which together can exercise voting rights in excess of 20 per cent. of voting rights in a banking company;
- (iv) to enable the Reserve Bank to obtain statements and information over a wider range than hitherto for the performance of the functions under the Act;
- (v) to enable the Reserve Bank to give directions to banking companies in relation to matters of policy or administration affecting the public interest, and to make failure to observe such directions liable to specified penalties;
- (vi) to render appointments of managing directors, managers or the chief executive officers by whatever name called of banking companies and the terms of their appointments subject to the prior approval of the Reserve Bank;
- (vii) to enable the Reserve Bank to depute an observer or observers for purpose of observing and reporting on the conduct of affairs of a banking company;
- (viii) to include the chairman, director, auditor, liquidator and other employees of banking companies within the definition of "public servants" for the purpose of Chapter IX of the Indian Penal Code and the Prevention of Corruption Act, 1947, so that action can be taken in cases where illegal gratifications are taken by them.

2. Opportunity has also been taken in this Bill to clarify—

(a) that the payment of bonus to bank employees does not amount to employment on the basis of a commission or a share of profits which is prohibited under clause (b) of sub-section (1) of section 10 of the Banking Companies Act; and

(b) that restrictions imposed by clause (c) of sub-section (1) of section 10 of the Banking Companies Act on persons appointed to manage banking companies are not applicable to directors other than managing directors.

3. The Bill also provides for references contained in the Banking Companies Act to the Indian Companies Act, 1913, being substituted by references to the relevant sections of the Companies Act, 1956.

NEW DELHI;

T. T. KRISHNAMACHARI.

The 30th November, 1956.

BILL No. 81 of 1956

A Bill to provide for regulating employment and work in the factories manufacturing Beedi and Cigar in India.

Be it enacted by Parliament in the Seventh Year of the Republic of India as follows:—

Short title,
extent and
commencement.
19 .

1. (1) This Act may be called the Beedi and Cigar Labour Act,
- (2) It extends to the whole of India except the State of Jammu & Kashmir.
- (3) It shall come into force at once.

Definitions.

2. In this Act, unless the context otherwise requires,—

- (a) 'Adult' means a person who has completed his eighteenth year of age;
- (b) 'Adolescent' means a person who has completed his fifteenth year but has not completed his eighteenth year of age;
- (c) 'Child' means a person who has not completed his fifteenth year of age;
- (d) 'Week' means a period of seven days beginning at mid-night on Saturday;

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5 of 1940.

- (e) 'Workman' means any person employed to do any manufacturing process concerned with Beedi or Cigar industry for hire or reward and includes a person employed by a contractor, agent or manager to work for the principal employer in whose name the trade mark of the product is registered under the Trade Mark Act, 1940;
- (f) 'Factory' means any premises including precincts thereof where ten or more persons are working or were working on any day of the preceding twelve months and in any part of which the rolling of Beedi or Cigar or any other manufacturing process connected with it is being carried out;
- (g) 'Self employed worker' means any person who takes a licence for rolling Beedies or Cigars himself without engaging any hired labour;
- (h) 'Qualified medical practitioner' means a person who is recognised as such by the Central or State Governments; and
- (i) 'Wages' means all remuneration capable of being expressed in terms of money which would, if the terms of contracts of employment, expressed or implied, were fulfilled, be payable to a person and includes gratuity and retirement benefits payable to a worker at the time of discharge, dismissal or retirement from the service of the employers.

CHAPTER II

3. The Chief Inspector of Factories, all Factory Inspectors, Chairmen and Members of the Local Boards, Municipalities and Panchayats shall be qualified persons to be inspectors of Beedi and Cigar factories. All inspectors shall be subordinate to the chief inspectors of the concerned States.

4. (1) Subject to any rules made by the State Government in this behalf, an inspector may:—

- (a) make such examinations and enquiry to ascertain whether the provisions of the Act and the Rules made thereunder are being observed in any of the factories;
- (b) may examine any record or books maintained by the factory or factories; and
- (c) exercise such other powers as may be prescribed.

(2) The Inspector shall inform the Secretary or Secretaries of the Labour Union or Unions in the concerned industry or factory before he inspects any factory or factories and the Secretary or

Inspecting Staff.

Powers and Functions of Inspectors.

Secretaries of such Union or Unions shall have the right to accompany the inspector during his inspection and make any representation which may be deemed necessary.

Facilities to be accorded to Inspectors. 5. Every employer shall afford to the Inspector all reasonable facilities for seeking any entry, inspection or enquiry under this Act.

Certifying Surgeons. 6. (1) The State Government may appoint qualified medical practitioners to be the certifying surgeons for the purposes of this Act.

(2) The certifying surgeon shall carry out such duties as may be prescribed in connection with:—

(a) the examination and certification of workers;

(b) the exercise of such medical supervision as may be prescribed when adolescents and children are or are to be employed in any work in Beedi or Cigar industry which is likely to cause injury to their health.

CHAPTER III

Drinking Water. 7. In every factory, effective arrangement shall be made by the employer to provide and maintain a sufficient supply of wholesome drinking water for the workers. 20

Conservancy. 8. There shall be provided in every factory sufficient number of latrines and urinals accessible to workers employed therein.

Medical facilities. 9. In all factories employing more than fifty workers, there shall be a visiting doctor who shall examine the workers at least once in six months. 25

CHAPTER IV

Canteens. 10. The State Government may make rules requiring that in every factory wherein fifty workers or more are employed, one or more canteen shall be provided.

Recreational facilities. 11. The State Government may make rules requiring every employer to make available such recreational facilities for the workers and children employed therein as may be prescribed. 30

CHAPTER V

Hours and limitations of employment. 12. (1) No adult worker shall be required to work in Beedi or Cigar factories for more than forty-eight hours in a week or more than nine hours in any day. 35

(2) No adolescent shall be required to work in any Beedi or Cigar factory for more than forty-two hours a week or eight hours in any day.

(3) No child shall be employed or permitted to work in any Beedi or Cigar factory for more than four and a half hours in any day.

CHAPTER VI

13. The State Government may, by rules made in this behalf.—
Weekly holidays, compensatory leave and overtime work.

(a) provide a day of rest in every period of seven days which shall be allowed to all workers;

10 (b) provide for wages for such weekly holidays; and

(c) provide for overtime wages and compensatory day off in lieu of work done on any day of rest.

14. The period of work on each day shall be so fixed that inclusive of interval of rest it shall not spread over more than ten hours including the time spent on waiting for the work on any day.

15. There shall be displayed and correctly maintained in every factory a notice of period of work in such form and manner as may be prescribed showing clearly for every day the periods during which the worker may be required to work.

20 16. No child who has not completed his fourteenth year shall be required or allowed to work in any Beedi or Cigar factory.

Prohibition of employment of young children.

17. (1) A certifying surgeon shall grant the certificate of fitness for any child or adolescent after examining his fitness for work.

Certificate of fitness.

25 (2) The certificate of fitness granted under this Section shall be granted for a period of one year, but may be renewed.

CHAPTER VII

18. Every worker shall be allowed leave with wages for a number of days calculated at the rate of,—

30 (a) if an adult, one day for every twenty days of work done by him; and

(b) if a child or adolescent, one day for every fifteen days of work done by him.

19. Every worker shall be allowed ten days' festival and national holidays with wages which shall include besides other holidays, Independence Day, Republic Day, Gandhi Jayanti and May Day.

Annual leave with wages. National holidays.

Sick and
Maternity
benefits

20. Subject to any rules that may be made in this behalf, every worker shall be entitled to obtain from his employer,—

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(a) in the case of a sickness certified by a qualified medical practitioner, sickness allowance of ~~an~~ as twelve a day for a period of one month; and

(b) if a woman, in case of confinement or expected confinement, maternity allowance at such rates, for such period and for such intervals as may be prescribed.

CHAPTER VIII

Factory for
women
workers.

21. In case where large number of women workers are employed, ~~10~~ separate factories shall be established or set up for such women workers.

Outwork.

22. No employer shall engage any worker for any outwork for manufacturing Beedi or Cigar.

Retirement,
retrench-
ment and
gratuity
benefits.

23. Whenever any workman who has put in service of one year ~~15~~ or more is retrenched, discharged, dismissed or retired, he shall be given benefits at the rate of fifteen days wages for every year of service put in by him.

Guaranteed
employment.

24. (1) Every employer of Beedi or Cigar industry shall guarantee full work for at least 260 days to workmen working under him. ~~20~~

(2) In case the employer is not able to give full work to any worker, he shall compensate him:—

(a) by paying him the average daily rate of wages calculated on the basis of one month's wages; and

(b) in case of no work on any day, by paying the workman ~~25~~ at least rupee one a day.

CHAPTER IX

Penalties and procedure

Obstruction.

25. Whoever obstructs any Inspector from the discharge of his duties or refuses to produce any book, document or register for ~~30~~ inspection, shall be punishable with imprisonment which may extend to three months, or with fine which may extend to rupees fifty, or with both.

Sale of rolled
beedies by
self-employ-
ed workers.

26. (1) No self-employed worker shall sell or otherwise dispose of his produce of Beedi or Cigar to any factory owner, dealer or merchant in Beedi or Cigar having the tobacco licence or trade mark of any particular brand of Beedi or Cigar. ~~35~~

(2) Any person contravening this provision shall forfeit his licence for rolling Beedi or Cigar and shall be punishable with fine which may extend to rupees one hundred.

27. Any factory owner, merchant, dealer or principal employer in ^{Purchase of Beedi by the} whose name any Beedi or Cigar trade mark is registered shall be ^{principal employer or} punishable with imprisonment for six months, or with a fine of rupees ^{Trade Mark} one thousand, or with both in case he or his agent buys Beedi or holder. Cigar from any self-employed worker.

28. (1) Every Third or Second Class Magistrate shall have powers ^{Trying authority.} ¹⁰ to try any offence punishable under this Act.

(2) The Inspector of Factories shall be the authorised person to lodge any complaint under the provisions of this Act.

STATEMENT OF OBJECTS AND REASONS

The Beedi and Cigar industries are among the worst sweated industries in India. Low wages, insecurity of employment, partial employment, employment of children, high incidence of T.B., absence of protective labour legislation, outwork and branch system, all these demand introduction of an immediate legislation with a view to regulating the above industries on factory basis and securing the workers certain minimum conditions of work. The Rege Committee Enquiry Report as far back as 1946 has stressed the importance of such a legislation.

This Bill seeks to put the Beedi and Cigar industry on a factory basis while still protecting the self-employed worker.

This Bill also seeks to assure the workers the benefits of protective labour legislation available to large sections of industrial workers.

NEW DELHI;

The 29th October, 1956.

A. K. GOPALAN.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 3. In addition to the Chief Inspector of Factories and all Factory Inspectors, this clause envisages delegation of powers of inspection of Beedi and Cigar factories to Chairmen and Members of Local Boards, Municipalities and Panchayats. This implies that for the purpose of inspection, the officials of the Local Self-Government establishments mentioned above shall be treated on a par with Factory Inspectors, but subordinate to the Chief Inspector of Factories of the States. The State Governments shall have to frame appropriate rules in this matter. This provision is purely of a normal and routine character.

Clause 4 is consequential, but also stipulates that the Secretaries of Labour Unions are intimated in advance of the Inspectors' visit to the factories and empowers such Labour Union Secretaries to accompany the Inspector during the inspection of Beedi and Cigar factories.

Clause 6: Empowers State Governments to appoint certifying surgeons whose duties are stipulated in sub-clause (2) (a) and (b). This is of routine character.

Clauses 10 and 11: Delegate rule making powers to the State Governments regarding stipulation of number of Canteens and recreational facilities in Beedi and Cigar factories. These are of normal and routine character.

Clause 13: Delegates rule making powers to the State Governments in the matter of holidays, compensatory leave and overtime work, subject to conditions laid down in sub-clauses (a), (b) and (c).

All the delegated legislation envisaged in the Bill is of a normal type, and purely routine in character.

M. N. KAUL,
Secretary.

CORRIGENDA

In the Gazette of India Extraordinary Part II—Section 2, No. 53,
dated the 21st November, 1956:—

[*Bill No. 69 of 1956.—The Displaced Persons (Compensation
and Rehabilitation) Amendment Bill, 1956.]*

- (i) Page 871, line 1 of footnote,—
for “clauses” read “clause”.
- (ii) Page 877, line 1,—
for “MEMORADUM” read “MEMORANDUM”.